

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023

BIB2074 – INTERNATIONAL BUSINESS

(All Sections/Groups)

4 JULY 2023

9.00 A.M. - 11.00 A.M.

(2 Hours)

INSTRUCTION TO STUDENTS

1. This question paper consists of **FIVE** pages with **FOUR (4)** questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers for in the Answer Booklet provided.

SECTION A: CASE STUDY

The Divided States of America: The Calling for a National Divorce

Since the 1850s, the American political landscape has been largely dominated by two political parties, the Republican Party and the Democratic Party. Both parties have a long history of enmity and hostility towards each other's policies on governance and the economy. The differences became most apparent in the 1850s, when the morality of slavery was put into question.

With the victory of Abraham Lincoln, a Republican who assumed the presidency in 1860, slavery was at the verge of being outlawed. The Democrat-controlled South, wishing to preserve the institution of slavery, decided to secede from the Union illegally, forming the Confederate States of America (CSA). A bloody civil war was then fought, which finally ended with the surrender of the Confederacy, the abolition of slavery, and restoration of peace throughout the United States.

Through the course of history, both parties have continued to coexist and states have continued to be polarised by their political alliances. The Midwest and South have later allied with the Republicans while the West and Northeast have aligned with the Democrats. Despite their differences, both parties agreed on one issue, the devotion to the three pillars of traditional American *society: religion, and family*, hence the famous motto "*God, Family, and Country*". It was owed to this spirit that has kept the country together in spite of adversities between the two parties.

Nonetheless in the 21st century, both parties have begun to drift further apart. The Democrats, in the name of progressivism has moved towards a culture preferring secularism, which grew at the expense of religious values, respect and preservation of the nuclear family unit, and nationalism. The division began to gain traction at the end of the Bush presidency, and reached its worst during the Biden presidency.

Progressivism, through the *Critical Race Theory*, rather than being ethnic and gender-blind, has advocated affirmative action policies to favour certain 'preferred' minority classes, such as ethnic blacks, gender-fluid persons, for transgender and abortionists. Immigration and law enforcement were suppressed, 'environmentally-unfriendly' oil production was halted, removing the nation's energy independence, rapid secularisation and vilification of religion, have riled America's largely conservative society.

In 2023, a firebrand Republican congresswoman Rep. Marjorie Taylor Greene contended that the divide is so severe and irreparable that a "national divorce" is needed to separate the red and blue states. This calls for the weakening of the federal government, and in the spirit of democracy, more power is given back to the states. This way the Republican states may govern their red states the way that they want, while Democrats may govern their blue states the way they see fit.

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Following Rep. Greene's comments, a poll was conducted by Rasmussen Reports. It was found that 37% Americans believed that a "national divorce" is inevitable; 57% disagreed, while 9% is unsure. The numbers are also higher among Republicans (47%) than Democrats (26%). Having support from one-third of the population showed that this is not a trivial matter.

For the political division:

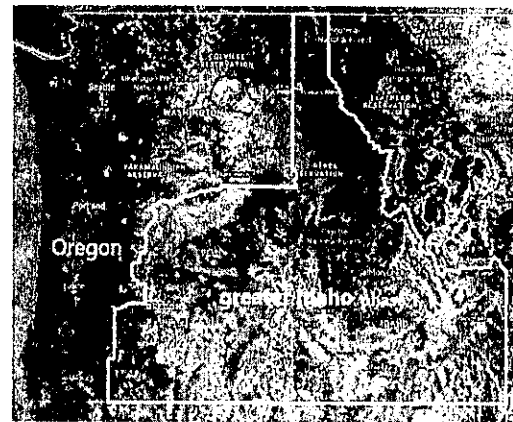
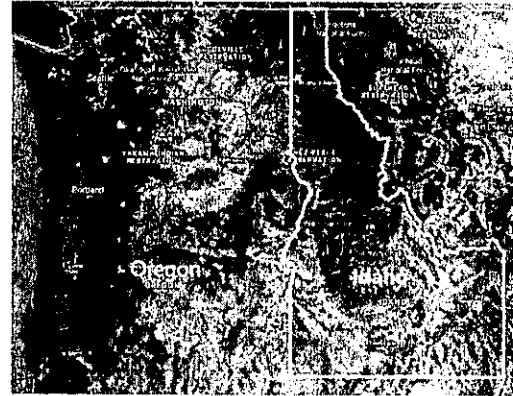
41% blamed the Democrats.
 32% blamed the Republicans.
 25% blamed both parties.
 29% Democrats blamed their own party.
 15% Republicans blamed their own party.
 60% Republicans blamed the Democrats.
 46% Democrats blamed the Republicans.

Besides a "national divorce", there were also movements for "state divorce" whereby certain states have attempted to redraw state lines to reflect their political affiliation and championed values.

For instance, there is a "Greater Idaho Movement" where Republican-led eastern counties are seeking to secede from Democrat-controlled state of Oregon, and join the Republican-controlled state of Idaho, to create a larger state known as "Greater Idaho".

There are even several Republican counties in neighbouring California who expressed interest to join Idaho for its lower taxes and business-friendly regulations.

Proponents of this movement believed the restructuring to be a win-win solution for both political factions. This would give Republicans in those affected counties a Republican state government whose policies truly represents their political and economic, and business interest; it would also favour the Democrats by solidifying their control over the state of Oregon.



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Nonetheless, even as the citizens of eastern Oregon have voted to leave, it is highly unlikely that the motion would pass the Oregon state legislature. Therefore the idea of a national or even a state divorce today may seem preposterous. However it is worth remembering that states have been reconstructed before, case in point, when the Southern states seceded and formed the CSA albeit illegally, even attracting other states to join the new Confederacy. Hence these movements may be seen as a test of democracy and resilience, which would have far-reaching consequences to the stability of the nation.

Case written by the examiner, W. L. Hew (2023, April 8).

Sources:

1. Data sourced from: Rasmussen Reports, March 1, 2023, "*Divided States of America? 34% Approve 'National Divorce'*", (https://www.rasmussenreports.com/public_content/politics/biden_administration/divided_states_of_america_34_approve_national_divorce).
2. Maps sourced from: Greater Idaho Movement - Citizens for Greater Idaho and Move Oregon's Border (<https://www.greateridaho.org/the-maps>).

QUESTION 1

Based on the 'Globalisation Debate', it was argued that the positive effects of globalisation and membership in global institutions may not be equally shared by all nations. Instead, several negative effects that would otherwise be avoided, may also be experienced through such membership.

Using the globalisation debate as an analogy to the case, answer the following:

- a) How does the membership of states in the federation (the United States) affect *jobs and income* among citizens of the states? Discuss from *critics* and *supporters'* point of view. (10 marks)
- b) How does the membership of states in the federation (the United States) affect *state sovereignty*? Discuss from *critics* and *supporters'* point of view. (10 marks)

(Total: 20 marks)

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QUESTION 2

- a) Explain the differences between *conservatism* from *liberalism* based on the *political parties* and their approach to governance in the American context. (10 marks)
- b) Explain the differences between *conservatism* from *liberalism* based on the *economic ideology* and *economic policies* in the American context. (10 marks)
- c) Differentiate *conservatism* from *liberalism* based on the *legal framework* and *business regulations* in the American context. (10 marks)
- d) The situation in Oregon has been seen as a test to the functionality of democracy in the state. Explain:
- i) The threat to the *representative democracy* for East Oregonians. (5 marks)
 - ii) The threat to the *pure democracy* for East Oregonians. (5 marks)

(Total: 40 marks)

QUESTION 3

Among the cited reasons for the "national divorce", secession, and exodus from blue to red states, is the lack of fiscal responsibility, which have resulted in high levels of inflation. In June 2022, a historic inflation rate of 9.2% was experienced in the United States, decimating its citizens' economic standing.

- a) Explain **THREE (3)** possible reasons that could have led to the high inflation in the United States. (15 marks)
- b) In your opinion, what is the impact of high inflation to the attractiveness of the United States as a destination for foreign direct investments? (5 marks)

(Total: 20 marks)

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SECTION B: THEORETICAL QUESTIONS**QUESTION 4**

The State of Idaho is also known as the 'Potato State', producing approximately a third of potatoes in the United States. Canada is the largest agricultural trading partner with the United States, absorbing approximately 80% of all consumer agricultural produce exports, potatoes included. Conversely, Canada also exports corn to the United States.

Assume both United States and the Canada have 800 units of resources each, and the resources are equally distributed for the production of potatoes and corn. The United States uses 20 units to produce 1 mil. tonnes of potatoes and 32 units to produce 1 mil. tonnes of corn. On the other hand, Canada uses 50 units to produce 1 mil. tonnes of potatoes and 40 units to produce 1 mil. tonnes of corn.

Based on the principles of comparative advantage, both countries later decided to specialise. The United States increased its resource allocation for potato production to 560 while Canada specialised completely in the production of corn. Both countries then traded on the basis of 8 potatoes for 8 corn.

[Note: Sub-sections (a), (b), and (c) should be presented together in a table].

- (a) Before specialisation, what is the combined production of both countries for potatoes and corn? (6 marks)
- (b) After specialisation based on comparative advantages, what is the combined production of both countries for potatoes and corn? (6 marks)
- (c) After trade, what are the extra amounts of potatoes and corn enjoyed by both countries? (8 marks)

(Total: 20 marks)

End of Paper